

**Redevelopment Agency of the  
City of Fremont**  
Continuing Disclosure Annual Report  
Fiscal Year 2009/10  
(Per SEC Rule 15c2-12(b)(5))

**\$41,425,000**  
**Redevelopment Agency of the City of Fremont (Merged Redevelopment Project)**  
**Tax Allocation Bonds,**  
**Series 2004**  
**CUSIP Numbers**

<b>357147 BQ9*</b>	<b>357147 BR7*</b>	<b>357147 BS5*</b>
<b>357147 BT3*</b>	<b>357147 BU0*</b>	<b>357147 BV8*</b>
<b>357147 BW6*</b>	<b>357147 BX4*</b>	<b>357147 BY2*</b>
<b>357147 BZ9*</b>	<b>357147 CA3*</b>	

**\* All remaining outstanding bonds were retired in May, 2010; this is the final disclosure regarding this issue.**

**March 31, 2011**

Continuing Disclosure Annual Report  
by the  
Redevelopment Agency of the City of Fremont  
Fiscal year 2009/10

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This report contains certain information required to be filed annually per SEC rule 15c2-12(b)(5) (the “Rule”) by the Redevelopment Agency of the City of Fremont (“the Agency”). The Rule is applicable to the (Merged Redevelopment Project Area) Tax Allocation Bonds, Series 2004 issued in the aggregate sum of \$41,425,000 (“the 2004 Tax Allocation Bonds” or “the Bonds”). The Agency entered into the Indenture of Trust with Union Bank of California as to the 2004 Tax Allocation Bonds on June 1, 2004. The Bonds were issued on June 3, 2004. All of the Bonds were redeemed in full in May, 2010.

Since their issuance, the trustee for the Bonds has fully funded the required reserve by holding Reserve Insurance Policy #CA00954B issued by XL Capital Assurance, Inc., in lieu of a cash reserve as allowed by the Indenture of Trust. This policy constitutes a *Qualified Reserve Account Credit Instrument* pursuant to the terms of the Indenture of Trust.

SEC rule 15c2-12(b)(5) requires that an issuer undertake in a written agreement or contract, for the benefit of holders of the securities issued, to file the following:

- i. Certain financial and Bond information as presented in the Bond’s respective Continuing Disclosure Certificates
- ii. Audited financial statements
- iii. Notice of certain enumerated significant events
- iv. Notice of any failure to provide such annual financial information as agreed.

In compliance with SEC rule 15c2-12(b)(5), the Agency signed a Continuing Disclosure Certificate requiring the Agency to provide disclosure annually, or as they occur, concerning the aforementioned enumerated documents or events for the Bonds on June 3, 2004. Per its Continuing Disclosure Certificate, the Agency is required to file an annual disclosure report with the Electronic Municipal Market Access system (EMMA) operated by the SEC, which must include:

1. The Agency’s audited financial statements prepared in accordance with generally accepted accounting principals as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law.

→ **Appendix A to this report contains the Agency’s Basic Financial Statements for fiscal year 2009/10. A copy of the 2010 Comprehensive Annual Financial Report (CAFR) for the City of Fremont (for fiscal year 2009/10) is available on the City of Fremont’s website at the following link: <http://www.fremont.gov/index.aspx?NID=527>. The Agency is reported as a component unit of the City of Fremont within the City’s CAFR.**

2. The 25 largest secured property taxpayers in the Project Area, including name, assessed valuation and percent of total valuation.

→ **The cumulative percentage of assessed value owned by the 25 largest taxpayers within the four Project Areas for fiscal year 2008/09 was 44.61%, based on information provided by the Alameda County Tax Assessor's Office.**

		Gross Secured	
		Assessed Value	% of total
1	Catellus Development Corporation	\$ 502,111,167	14.60%
2	SCI Limited Partnership 1	189,945,340	5.52%
3	BNP Paribas Leasing Corporation	74,284,488	2.16%
4	JER Bayside LLC	70,657,132	2.05%
5	HUB Bayside Properties	54,658,648	1.59%
6	Everst AEW Fremont LLC	53,093,692	1.54%
7	Legacy Partners I Fremont LLC	47,467,476	1.38%
8	Northern California Industrial Portfolio	45,542,931	1.32%
9	Sysco Food Services SF Industries	41,616,000	1.21%
10	MEPT Northport Bus. Park I/II LLC	40,982,919	1.19%
11	Mission W. Properties LP/Carl Berg	40,055,196	1.16%
12	MDS Realty II LLC	38,101,184	1.11%
13	Bit Investment Eleven LLC	37,294,000	1.08%
14	AMB Property LP	29,500,000	0.86%
15	SDC Fremont Business Center, Inc.	27,619,343	0.80%
16	5555 Auto Mall LLC	26,679,018	0.78%
17	Fremont Auto Center	26,520,000	0.77%
18	Prologis TLF South Bay Area LLC	25,483,543	0.74%
19	Intel Corporation	24,850,664	0.72%
20	Levy Fremont Blvd I LLC	24,542,381	0.71%
21	Perkinelmer Optoelectronics NC Inc.	23,910,021	0.70%
22	Fremont Ventures LLC	23,000,000	0.67%
23	Henry & Rita Khachaturian Trust	22,704,801	0.66%
24	MG Sun Creek Apartments LP	21,981,979	0.64%
25	Christy Industrial Tower LLC	21,973,126	0.64%
Table Totals		\$ 1,534,575,049	44.61%
Gross Assessed Value--All Parcels			\$ 3,439,982,469

3. Cumulative total tax increment revenues by Project area.

→ **The total estimated cumulative tax increment revenues through fiscal year 2009/10 is \$428,420,094, which includes the Alameda County Assessor's estimate for fiscal year 2009/10 and actual cumulative tax increment revenues through fiscal year 2008/09 of \$391,306,496 for all project areas, as shown below.**

Tax Increment Revenues by Project Area						
	Prior Years Tax Increment Revenues	FY2005/06 Tax Increment Revenues	FY2006/07 Tax Increment Revenues	FY2007/08 Tax Increment Revenues	FY2008/09 Tax Increment Revenues(est)	FY2009/10 Tax Increment Revenues(est)
Centerville	\$ 4,239,706	\$ 1,469,179	\$ 2,163,648	\$ 2,479,050	\$ 2,548,386	\$ 2,557,690
Industrial	218,190,589	24,392,927	25,149,010	29,535,171	28,822,093	29,320,652
Irvington	29,915,914	3,184,281	3,902,740	4,453,339	4,726,016	4,733,141
Niles	4,224,884	439,143	479,484	498,831	492,105	502,115
Totals	\$ 256,571,093	\$ 29,485,530	\$ 31,694,882	\$ 36,966,391	\$ 36,588,600	\$ 37,113,598

4. Annual assessed valuations, tax increment values, Tax Revenues (as defined in the Indenture of Trust) and the coverage ratio of Tax Revenues to debt service for the 2004 Tax Allocation Bonds and all parity debt.

→ The Net Assessed Values by Project Area as provided by the Alameda County Auditor-Controller's Office letter dated January 19, 2010, along with values from earlier fiscal years are shown below:

Net Assessed Value By Project Area						
Project Area	Base Year Assessed Values	FY2005/06 Net Assessed Values	FY2006/07 Net Assessed Values	FY2007/08 Net Assessed Values	FY2008/09 Net Assessed Values	FY2009/10 Net Assessed Values
Centerville	\$ 136,083,742	\$ 264,197,995	\$ 340,724,455	\$ 358,990,012	\$ 386,551,190	\$ 387,502,432
Industrial	68,250,876	2,449,096,607	2,497,833,155	2,775,755,507	2,930,401,702	2,979,711,140
Irvington	146,879,652	429,263,695	493,753,799	546,662,760	611,383,073	612,142,756
Niles	25,749,314	63,634,515	71,237,890	73,220,140	74,116,710	75,106,734
Totals	\$ 376,963,584	\$ 3,206,192,812	\$ 3,403,549,299	\$ 3,754,628,419	\$ 4,002,452,675	\$ 4,054,463,062

→ The tax increment values (the difference between the base year assessed values and the current net taxable assessed values above) for the most recent five years are as follows:

Tax Increment Values by Project Area					
Project Area	FY 2005/06 Increment AV	FY 2006/07 Increment AV	FY 2007/08 Increment AV	FY 2008/09 Increment AV	FY 2009/10 Increment AV
Centerville	\$ 128,114,253	\$ 204,640,713	\$ 222,906,270	\$ 250,467,448	\$ 251,418,690
Industrial	2,380,845,731	2,429,582,279	2,707,504,631	2,639,671,765	2,911,460,264
Irvington	282,384,043	346,874,147	399,783,108	410,579,018	465,263,104
Niles	37,885,201	45,488,576	47,470,826	48,367,396	49,357,420
Totals	\$ 2,829,229,228	\$ 3,026,585,715	\$ 3,377,664,835	\$ 3,349,085,627	\$ 3,677,499,478

→ The coverage ratio for the 2004 Bonds debt service for fiscal year 2008/09 was originally estimated at 2.57/1.00 based upon actual revenues without prepayments and including the Agency's Housing Bonds. Certain Agency Housing Bonds were redeemed early to achieve interest rate savings which reduced the actual coverage ratio for FY 2008/09 to 1.2/1.0. However, with the additional Housing bonds now redeemed, the estimated coverage ratio for fiscal year 2009/10 based on estimated revenues is 3.74/1.00, computed as follows:

**2004 Tax Allocation Bonds -- Debt Coverage Ratio**

	<u>FY 2009/10 (est)</u>	<u>FY 2008/09 (act)</u>
Tax Increment Revenues	\$ 37,113,598	\$ 38,021,345
Less:		
Subordinated pass-through payments	(11,158,849)	(9,847,880)
Housing statutory (20%) set-aside obligation	(7,422,720)	(7,604,269)
Available tax increment revenues	<u>\$ 18,532,029</u>	<u>\$ 20,569,196</u>
Debt service	<u>4,956,925</u>	<u>17,154,411</u>
Debt coverage ratio (Available increments/debt service)	<b>3.74:1.00</b>	<b>1.2:1.00</b>

## 5. Property tax appeals.

→ The following table summarizes appeals pending where the net assessed amount appealed (the difference between the current assessment and the owners opinion value) is greater than ten million dollars. These amounts include more than one year being appealed in the case of certain of the property owners listed.

**Largest Appeals (Net Value Difference Appealed > \$10M)**

<u>Assessee/Applicant</u>	<u>Roll Assessment</u>	<u>Owners Opinion Value</u>	<u>Net Value Appealed</u>	<u>Project Area</u>	<u># of Parcels</u>
Catellus Devel. (Prologis) Co.	\$ 256,591,986	\$ 76,931,000	\$ 179,660,986	Industrial	14
BRE Entities	110,685,604	32,660,979	\$ 78,024,625	Industrial	5
SCI LP1	99,064,475	29,720,000	69,344,475	Industrial	14
MDS Realty II Inc.	90,937,211	29,148,535	61,788,676	Industrial	2
Perkinelmer Optoelectronics					
NC Inc./Fine Pitch Tech.	68,061,753	24,089,000	43,972,753	Industrial	7
Marriot	84,698,760	46,834,700	37,864,060	Industrial	1
Legacy Partners I Fremont LLC	62,424,000	31,212,000	31,212,000	Industrial	5
Fremont Ventures	25,680,404	10,272,000	15,408,404	Industrial	3
US Steel & Carnegie Pension	40,800,000	12,239,000	28,561,000	Industrial	2
Boston Scientific	56,775,546	28,387,773	28,387,773	Industrial	2
Office Depot	70,053,600	43,000,000	27,053,600	Industrial	2
Sfi LLC	31,410,876	9,422,000	21,988,876	Industrial	2
MG Sun Creek Apts LP	21,981,979	3	21,981,976	Irvington	1
MG Briarwood Apts. LLC	21,146,173	3	21,146,170	Irvington	1
Mission West Properties	63,338,864	42,200,000	21,138,864	Industrial	6
Security Capital Indust. Trust	27,446,197	8,232,000	19,214,197	Industrial	3
SDC Fremont Bus. Ctr Inc.	27,077,842	8,122,800	18,955,042	Industrial	4
Riggs National Bank Entities	40,179,464	22,513,000	17,666,464	Industrial	6
Sybron Lab Products Corp.	16,782,680	2,500,000	14,282,680	Industrial	1
Inland American of Stephens	17,595,000	5,278,000	12,317,000	Industrial	1
Totals	<u>\$ 1,232,732,414</u>	<u>\$ 462,762,793</u>	<u>\$ 769,969,621</u>		

### **Reporting of Significant Events**

Pursuant to the provisions of the Continuing Disclosure Certificates, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events, if material:

- 1) Principal and interest payments delinquencies.
- 2) Non-payment related defaults.
- 3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- 4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- 5) Substitution of credit or liquidity providers, or their failure to perform.
- 6) Adverse tax opinions or events affecting the tax-exempt status of the security.
- 7) Modifications to rights of security holders.
- 8) Bond calls.
- 9) Defeasances.
- 10) Release, substitution, or sale of property securing repayment of the securities.
- 11) Rating changes.


→ **The Agency exercised its right to optionally redeem at par the entire \$11,825,000 of its 2003 Housing Bonds on March 2, 2009, in order to achieve interest savings.**

→ **The Agency gave notice to the Trustee on March 15, 2010, to redeem all remaining outstanding Bonds on May 17, 2010, or as soon thereafter as practicable given the notice requirements to bondholders.**

→ **Except as disclosed above, there are no significant events known by the Agency to have occurred relating to the Bonds and the Agency is unaware of any instances of failure to provide annual financial information as agreed.**

Dated: March 31, 2011

City of Fremont Redevelopment Agency

  
By Harriet V. Commons, Treasurer  
(510) 284-4010

## APPENDIX A

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*City of Fremont Redevelopment Agency  
Basic Financial Statements and  
Independent Auditors' Report  
for the Fiscal Year Ended June 30, 2010*

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